ZIEGLER CHEMICAL & MINERAL CORP.
STAR ROUTE, LITTLE BONANZA, UTAH 84078
TEL. & FAX.: 1-435-789-3593 • INTERNET: www.zieglerchemical.com

M/047/013

TELEFAX COVER PAGE

TO: Doug Jensen **FAX #:** 1.801.538.5382

FROM: Stan Wagner
Ziegler Chemical 435-789-3593

DATE: Aug. 8, 2002

IF COPY IS POOR CALL 1-516-681-9600 FOR ASSISTANCE

THERE WILL BE 4 PAGE(S), INCLUDING THIS PAGE

MESSAGE:
Hi Doug,

I had my secretary make the changes that you needed. She printed out new pages to replace the ones you have. The first page has the legal discription redo, on the second page fifth paragraph down I inserted wording about tipples for both the Ind. #2 Escape shaft and the Sterling #1, and I made adjustments to the crane hours and rebar totals.

I hope this clears up everything, let me know if you have any more questions.

Sincerely

Stan Wagner

Stan Wagner

m/047/013

ZIEGLER CHEMICAL & MINERAL CORP.

LITTLE BONANZA OPERATIONS
STAR ROUTE, VERNAL, UTAH 84078
Telephone: (435) 789-3593 Fax: (435) 789-3593

April, May, June 2002

D. Wayne Hedberg -Permit Supervisor
State of Utah, Division of Oil, Gas, and Mining
1594 West North Temple, Suite, 1210
Salt Lake City, Utah, 84114-5801

RE: Amendment to Ziegler Chemical & Mineral Corporations large Mine Plan

Dear Mr. Hedberg:

Ziegler Chemical would like to place a new mine site on the Independent vein to serve as an escape route for Ziegler personnel working in the Independent #2 mine. The Independent #2 mine is situated on land owned by Ziegler Chemical in Uintah County. The shaft for the escape mine will be approximately 580 feet East of the Independent #2 and 50 feet from the West of Zieglers property line. This escape shaft is in T9S, R24E, Sec. 16, ¼, NE¼, NE¼, SE¼.

In addition to the shaft for the Independent #2 escape route, a second mineshaft will be located at this same site. A shaft will be sunk on a vein of Gilsonite located approximately 200 feet south of the Independent vein. This mine will be called the Sterling #1 and will be adjacent to the Independent #2 escape route.

R613- 004-105

A. Maps showing Boundaries, Streams, Access routes, and Previous impacts are included.

B. Surface facilities maps showing proposed surface facilities and disturbances are included.

R613-004-106

Ziegler Chemical plans on sinking two shafts in this area. One shaft will serve as an escape route for the personnel working in the Independent #2 mine. The other shaft will

be on a Gilsonite vein located approximately 200 feet south of the Independent vein. Zeigler Chemical and Mineral Corp. will call this mine the Sterling #1. The amount of area disturbed by the surface buildings and mine shafts of these two mines is estimated at 2.75 acres.

The shaft openings or collars in these two mines will be 24 feet long and 4 feet wide. The veins in this area are estimated at 950 feet deep. The width of the shaft will increase as the Gilsonite vein width increases.

During the initial shaft sinking operations there will be some overburden removed to widen the shafts. The overburden will contain a small amount of irretrievable Gilsonite. This overburden will be stockpiled on the mine site for disposal back into the mines during reclamation. The amount of overburden stockpiled is not expected to exceed 200 ton during the life of the mines.

The work force in the Independent #2 and Sterling #1 will consist of two miners and a hoist operator per shift, one shift per day. The shaft will be sunk by loosening the ore with chipping hammers then removing the Gilsonite by vacuum (airlift system) to the ore storage bin on the surface. Some mining may be necessary to finish connecting this new shaft with the Independent #2 mine. There will now be a connection between the Sterling #1 and the Independent #2 mine. The Gilsonite will be removed from the mine in the same manner as shaft sinking. It will be loosed up with a chipping hammer then allowed to slide down a 45-degree slope atop the unmined ore to be airlifted (vacuumed) to the surface. Production from this mine may eventually reach 25 ton per shift with a storage capacity at the mine site of 30 ton. There should be about 1,500 ton of ore produced from the shaft alone.

Surface structures at Independent #2 and Sterling #1 will consist of a tipple over the mineshaft, a hoist house and a compressor shed, which will serve as a tool shed. All Gilsonite will be hauled by truck to Zieglers Separator Plant for sizing. All roads are existing Uintah County or Ziegler maintained roadways.

A copy of a U.S.G.S. topographic map showing the topography of the area covered by this mine site is included. The soil at this mine site is a sandy clay to a depth of about 10 inches, below the surface soil is a layer of weathered rock which grades into solid sandstone.

The vegetative community of the area is Sage with some Greasewood intermingled.

Ziegler Chemical Mineral Corp.

Reclamation Estimate

ML- 20435 Uintah County, UT

Sterling #1

Unit costs in this estimate are from the Means Heavy Construction Cost Data 2002 book.

Description	# Units	Units	$/Unit	Total
F.E. Loader, T.M. /Operator	40	hrs	$142.00	$5,680.00
Crane-55 ton /Operator	16	hrs	$189.47	$3,031.52
Grader,30,000# /Operator	24	hrs	$106.49	$2,555.76
Crew Foreman	40	hrs	$19.10	$764.00
Welder	40	hrs	$18.45	$738.00
Concrete	13.5	CY	$89.95	$1,214.33
1 Carpenter Foreman	40	hrs	$49.81	$1,992.40
2 Carpenter Helpers	80	hrs	$46.70	$3,736.00
Forms, ect (SUM)	52	sum	$7.82	$406.64
Rebar (SUM)	44	sum	$4.85	$504.40
Backhoe-80 HP /Operator	24	hrs	$76.79	$1,842.96
Tractor +Drill +Operator	8	hrs	$70.15	$561.20
Seed Mix @ 12 lbs./acre	2.7	acre		$374.47
Fertilizer @ 200 lbs./acre	2.7	acre		$94.77
		TOTAL		$23,496.45